

Canadian Agriculture and Ethanol Multi-Client Study Proposal

*A syndicated study to determine the implications of
the burgeoning ethanol industry for Canadian
agribusiness and agricultural markets*

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Many sectors of Canadian agriculture are positive about the potential growth in ethanol production. Farmers are optimistic that the additional demand for feedgrains will support prices. Investors are exploring opportunities to capitalize on the financial possibilities. Politicians are looking to biofuels to stimulate both agricultural markets and rural development. Other sectors however, expect to be adversely affected by the increased pull on feedgrain stocks. The outcomes and opportunities are significant for the entire industry.

This study's key objective is to determine the direct and indirect impacts of large scale ethanol production on Canadian agriculture. The study will respond to the following key questions for agricultural decision-makers:

- What impacts will the anticipated expansion of ethanol production have on feedgrain, other crop and co-product markets?
- Which sectors and players will be helped and which will be harmed by an expanded ethanol industry?
- What are the implications of an expanded ethanol industry for Canada's grain handling and transportation infrastructure?
- What are the related challenges and opportunities that will emerge?
- How will various market factors affect the profitability of the ethanol sector?
- How will government policy support development and sustainability of the industry?

The emerging situation is critically important for agribusiness, farm groups, public policymakers and investors as they make decisions and develop strategy. The potential impacts on upstream and downstream agricultural markets are significant, including:

- Pricing and profitability
- Shifts in production, demand and trade
- Government policy
- Transportation and marketing
- Structural barriers

By understanding the potential outcomes from the emerging ethanol industry, study participants will be able to make informed decisions regarding current business approaches and develop effective strategic plans.

Study Approach

The study will be conducted with a combination of industry consultation, modeling, geographic information systems, market analysis and secondary research.

Study Outline

- 1) Introduction to Ethanol
 - a) Ethanol characteristics and usage
 - b) Technology overview
 - c) Benefits
 - d) Limitations

- 2) Policy Environment
 - a) Canadian federal government policy
 - i) Mandates
 - ii) Incentives
 - b) Provincial government policies
 - i) Comparative benefit
 - c) International policy impacts

- 3) Economics of Ethanol Production
 - a) Ethanol pricing
 - i) Price drivers and constraints
 - ii) Energy price outlook
 - iii) Ethanol price outlook
 - b) Drivers of profitability
 - i) Feedstock markets
 - ii) Co-product markets
 - iii) Government policy
 - c) Key success factors and inherent risks
 - i) Profitability scenarios under various assumptions

Cases: Corn vs. wheat ethanol profitability
Canadian vs. US corn ethanol profitability

- 4) Ethanol Production and Outlook
 - a) Global ethanol production overview
 - i) US
 - ii) Brazil
 - iii) Other countries
 - b) Canadian national and regional industry structure
 - i) Feedstock availability

- ii) Constraints
 - iii) Consumption projections
 - iv) Production projections
 - v) Potential trade scenarios
- 5) Impact on Eastern and Western Canadian Field Crops
- a) Feedgrains
 - i) Supply requirements
 - ii) Production response
 - iii) Trade
 - iv) Feed substitution
 - v) Price outlook
 - b) Competing acreage and price responses
 - i) Milling wheat
 - ii) Oilseeds
 - iii) Special crops
- 6) Associated Impacts
- a) Feed ingredient markets
 - b) Livestock production
 - c) Grain handling
 - d) Transportation
 - e) Canadian Wheat Board
 - f) Plant breeding and varietal development
 - g) Farm income
- 7) Conclusions, Strategies and Recommendations

Project Deliverables and Schedule

The report will include a comprehensive discussion and description of the topics and issues indicated in the outline above. Statistical tables and geographic representations will be used to support the discussion.

Delivery date will be October 15, 2007 based on reaching the required number of subscribers by June 30, 2007.

Who Should Participate?

Because of the far-reaching impacts that ethanol will have on the agricultural economy, a broad range of companies from many sectors will find this study valuable. Sectors for which this study is relevant include:

- Grain handling and merchandising
- Grain, oilseed and special crop processing
- Livestock feeding
- Feed manufacturing
- Public policymakers
- Transportation
- Banking and financial
- Institutional investing
- Crops and genetics
- Infrastructure and engineering

Budget

By conducting the study for a number of clients (ie. a multi-client approach), Informa can offer the work at significantly lower rates than if the study was done for an individual client only.

Before June 30, 2007	C\$10,500
After June 30, 2007	C\$12,500

6% GST will be added for Canadian firms.

Terms

All study materials are confidential and strictly for the internal use of subscribing companies. The contents of the documentation and any accompanying materials may not be reproduced in any way or disclosed to any other party without the prior written consent of Informa Economics Inc.

In the unlikely event of insufficient number of subscribers, the study could be postponed or cancelled.

50% of the study cost is due upon sign-up, and 50% is due upon final delivery of the final report.

Contact

To participate in the study, complete and fax the Enrolment Form on page 12 of this document.

Please contact us with any enquiries about this study:

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Qualifications

Informa Economics, Inc. (formerly known as Sparks Companies, Inc.) is a world leader in broad-based agricultural and commodity market research, analysis and consulting. The company was founded in 1977 and was acquired by Informa Group plc in 2003 as part of its AGRA division. Informa Economics' office in Winnipeg – the centre of Canada's grain trade – is dedicated to providing insight into Canadian agricultural markets and industries.

Informa Economics has worked closely with numerous companies and government bodies in the areas of ethanol and biodiesel. Our Winnipeg and Memphis offices are well-suited to provide analytical support for groups that are various stages in assessing ethanol opportunities. Our work has encompassed:

- feasibility studies
- business plans
- investment analysis
- site selection
- feedstock sourcing
- co-product usage
- competitive transportation comparisons

Brief examples of previous studies and analysis are shown on the following page.

Recent Examples of Renewable Fuels Consulting Projects:

- A study to provide outlooks for the corn, distillers grains and ethanol markets in eastern Canada (2007)
- A syndicated study encompassing the outlook and impact for renewables in North American Refining, Gasoline and Diesel Fuel Markets for 2006-2015 (2006)
- A syndicated market impact study for the Canadian biodiesel sector to determine the market potential for and the impact of the emerging biodiesel industry in Canada (2006)
- Ongoing site-selection study for new ethanol facilities, reviewing ethanol markets, corn price impacts and distiller's grain markets in multiple locations. Prices are being forecast for each location, with cash margins compared across locations. (2006)
- Ongoing study of the feasibility and feedstock options for a biodiesel facility proposed for the East Coast. (2006)
- Ongoing study of feedstock and ethanol distribution options for a biodiesel facility currently operating in the central U.S. (2006)
- Ongoing analysis and forecasts of feedstock and output markets for an ethanol facility that would be integrated with a livestock operation in the Central Plains. (2006)
- Ongoing assessment of the potential demand for ethanol and industry implications associated with the reduction of methyl tertiary butyl ether (MTBE) utilized in the U.S. fuel supply. (2006)
- Two ongoing studies of corn and distillers grain market conditions for ethanol facilities proposed for the East Coast, outside of the traditional ethanol production region. The studies include detailed assessments of the corn surplus/deficit in each area and the potential market for distillers grains among livestock operations, as well as forecasts of corn and distillers grains prices. (2005/2006)
- Ongoing multi-client study of the future opportunities for biobased products, including renewable energy applications for biomass. (2006)
- Initiated and hosted Informa's first annual Renewable Fuels Summit, which was held September 14-15, 2005. The theme of the Summit was "The North American Ethanol Industry at a Crossroads."
- Study of oilseed procurement and risk management strategies for a planned ethanol facility in the Northern Plains, and assistance in the development of a business plan and consideration of whether to include an oilseed crushing facility in the project (2005), subsequently conducted a study of the feasibility of the planned facility.
- Review of the business plan for a proposed ethanol facility and of the feedstock supply and ethanol and distillers grains offtake agreements

- negotiated by its operator, on behalf of a firm considering an equity investment in the facility. (2005)
- Study of the feasibility of establishing an ethanol facility in Ukraine. (2005)
 - For a major trade association, a study of the feasibility of using ethanol to replace a lead-based fuel in a segment of the aviation gasoline market. (2005)
 - For an entrant into the ethanol industry, a site-selection study for new facilities, reviewing ethanol markets, corn price impacts and distillers grain markets in multiple locations. Prices were being forecast for each location, with cash margins compared across locations. (2005)
 - Feasibility study for of a ethanol facility proposed for the Midwest. (2005)
 - Study of corn and distillers grain market conditions in multiple locations where ethanol facilities are proposed; the study includes forecasts of netback prices to the facilities for distiller's grains, as well as the costs at which corn would be procured. (2005)
 - Price forecasts for the products from a proposed ethanol facility that would fractionate corn; ethanol and corn prices specific to the plant also were forecast. (2005)
 - Study of vegetable oil market implications of the expansion of the ethanol industry, as well as development of vegetable oil procurement strategies, for a proposed ethanol facility in the Midwest. (2005)
 - Study of the market conditions for ethanol, corn and distillers grain for a proposed ethanol facility in the Western Corn Belt; the study included forecasts of netback prices to the facility for ethanol and distillers grains, as well as the costs at which corn would be procured. (2005)
 - Study of grain procurement options and economics for a proposed ethanol facility in the Southern U.S. (2005)
 - Study for the United States Department of Agriculture (USDA) regarding the current and future structure of the ethanol industry and the role that the availability and management of information has in sustaining that structure. (2005)

Study Team

The project will be conducted under the direct supervision of Chuck Penner, Senior Project Consultant, together with Thomas P. Scott, President, and Informa staff as appropriate. Bruce A. Scherr, Chairman and CEO, will act as a study reviewer on this project. Brief biographies of key personnel on the project team include:

Chuck Penner, Senior Project Consultant

Mr. Penner, based in the Winnipeg office, will be the lead consultant for this study. At Informa Economics, Chuck is primarily responsible for project consulting and market analysis. Prior to joining Informa Economics, Mr. Penner was Director of Marketing Strategy with Blacksheep Strategy where he undertook numerous brand and strategic planning initiatives. Mr. Penner also spent 15 years with Agricore United (previously United Grain Growers) where he held numerous roles in marketing and branding, marketing research, Identity Preserved crops, grain marketing, and web strategy. Mr. Penner has an agribusiness diploma and a bachelor's degree in agricultural economics from the University of Manitoba.

Thomas P. Scott, President

Mr. Scott has been with Informa for 17 years with the majority of that time being the head of the Informa Economics Memphis-based Project Consulting Group. Specialized work has included business strategy, agribusiness economic development, feasibility and site selection work, and various market analyses. Prior to joining the company, he had various assignments in management, trading, logistics and merchandising with Continental Grain Company. He received his bachelor's degree in agricultural economics and business from Cornell University and a master's degree in business administration from the Amos Tuck School of Business Administration at Dartmouth College where he was an Amos Tuck Scholar.

Bruce A. Scherr, Chairman of the Board & CEO

Dr. Scherr has been with Informa Economics, Inc. (formerly Sparks Companies, Inc.) since 1987 and has worked extensively with companies to develop improved price risk management procedures, to organize and manage purchasing and merchandising programs, and to assist agribusinesses and public sector institutions in strategic and tactical planning. Formerly he was president of Sparks, Jacobs, Scherr, Inc. (SJS), a sister company to Sparks, and president of Agri-Commodities, Inc., an agriculture consulting firm based in Andover, Massachusetts, which was acquired by SJS. Prior to forming Agri-Commodities, Dr. Scherr was a divisional vice president at Data Resources, Inc., where he developed and utilized for the public and private sectors the first commercially available econometric model for US agriculture. Dr. Scherr received his bachelor's degree from Rutgers University and his master's and doctorate degrees

from Purdue University, all in agricultural economics. Currently, he is a member of the Board of Trustees of North American Electric Reliability Council (NERC) and serves as a member of the Global Strategy Institute Advisory Council of the Center for Strategic and International Studies. He served as a member of the Board of Directors for Desert STAR Inc., an electrical transmission Independent System Operator for the Desert Southwest from January 2000 through February 2002. In addition, Dr. Scherr has served as a member of the University of Tennessee's (UT) Institute of Agriculture Agricultural Development Board and UT's Committee for the Future. He is a member of several honorary research and agricultural societies, a member of the National FFA Foundation Sponsors' Board 2000 through 2001 and a former advisor to the President's Council of Economic Advisers and National Aeronautics and Space Administration.

David W. Reimann, Senior Analyst

Mr. Reimann, working out of the Informa Economics Winnipeg office, will provide strategic and analytic support to the study. His primary responsibilities include core Canadian grain analysis and consulting projects dealing with Canadian commodities. Prior to joining the company, Mr. Reimann was manager for the commercial accounts and the floor trading operations of Benson Quinn—GMS in Winnipeg, where he oversaw market research and managed the daily operations of the Winnipeg trading floor. Mr. Reimann has also served as a senior market analyst for United Grain Growers (UGG), an independent commodity broker, a hedging analyst at CSP Foods/Manitoba Pool Elevators and held a number of positions with Pioneer Grain. Mr. Reimann received a diploma in business administration from Red River College, Winnipeg. He also completed extensive course work at the Canadian Securities Institute.

Scott A. Richman, Senior Vice President

With Informa Economics since 1991, Mr. Richman heads the renewable fuels and biotechnology consulting practice areas, and he provides a broad range of consulting services to agribusinesses, food companies, trade associations and government agencies. Mr. Richman has extensive experience conducting financial feasibility studies, preparing business plans, directing economic impact studies, constructing market forecasts and advising companies on the positioning of products within specialized markets. Along with his work for agricultural biotechnology companies, renewable fuels producers and other grain-processing operations, Mr. Richman has provided consulting services to the meat-packing and rendering industries. In addition to work throughout the United States and Canada, he has participated in consulting projects and conferences in Western Europe and Poland. He received his bachelor's degree in economics from Vanderbilt University and his master's degree in international affairs at Columbia University, where he specialized in international business and was an Honorary International Fellow.

Juan E. Sacoto, Senior Vice President

With Informa Economics since 1997, Mr. Sacoto's primary responsibilities include research and analyses for international and domestic consulting clients. His work often involves market assessment, financial and competitive analyses, economic modeling, strategy, international economic development, and economic impact and risk management studies. Mr. Sacoto has experience working across several agricultural, food and related markets including grains, livestock, fisheries, fertilizers, fruits and vegetables, and renewable fuels. He also has extensive practical experience evaluating agribusiness industries and agricultural marketse in Mexico, South America and Eastern Europe. . He is fluent in Spanish and has broad cross-cultural training. Prior to joining the company, he worked as a financial and equity analyst. He received his bachelor's degree in finance from Jacksonville State University and his master's in international business administration from The University of Memphis.

John F. Whims, Senior Consultant

Dr. Whims has almost 20 years of experience in the area of strategic planning and business development in the public and private sectors. He has been the lead consultant for many federal, state and local government agencies and Fortune 500 food and agriculture business projects. His work has involved some of the following activities: evaluated the market potential and positioning of an emerging agricultural technology, conducted macro economic analyses of foreign and domestic economies, utilized input-output models for economic impact analysis, and developed risk management hedge programs. Prior to joining the company, Dr. Whims was in private consulting, conducting economic and financial analyses for the processed foods and agricultural commodity markets. He received a bachelor's degree in business administration from Greenville, Illinois, College, a master's of business administration from Central Michigan University, and his doctorate in agricultural economics from Michigan State University.

Darwin K. Lockhart, Consultant

Mr. Lockhart will provide analytical support to the study. His primary responsibility in the Informa Economics Winnipeg office is to provide support for consulting projects and commodity research. This work encompasses a wide variety of sectors with expertise including the use of Geographic Information System technology to provide site selection, spatial competitive analyses and the evaluation and modeling of grain handling networks. Prior to joining the company, Mr. Lockhart worked for the Winnipeg Commodity Exchange (WCE) where he held positions as the market research analyst and market information manager. While at the WCE, Mr. Lockhart's primary responsibility was the coordination of all aspects of market information accumulation and dissemination. He received his bachelor's degree in finance from the University of Manitoba.

J. Alan Barrett, Senior Consultant

Mr. Barrett's primary responsibilities have been futures and cash market commodity projects, including feasibility studies of soybean crushing plants, grain elevators, flour mills and other processing facilities. Mr. Barrett also has directed the company's review of crop insurance policies administered by USDA's Risk Management Agency. Commodity analysis work has included studies of various fruit and vegetable markets and technologies that impact these markets. He also has considerable experience in conducting industry analysis efforts including studies in the areas of fertilizers and micronutrients. Mr. Barrett came to the company from Refco, Inc., one of the world's largest futures commission merchants headquartered in Chicago with a branch office in Memphis, Tennessee, where he advised clients on futures markets. Prior to his work at Refco-Memphis, Mr. Barrett was sole owner and president of Prophet, Inc., a registered commodity trade advisor. He also was a principal in two corporations that assisted in cotton merchandising. In addition, Mr. Barrett worked for the Tennessee Extension Service where he developed new enterprise budgets for different cropping practices. Mr. Barrett received both his bachelor's and master's degrees in agricultural economics from the University of Tennessee.

Pierre P. Ganiere, Consultant

Mr. Ganiere's primary responsibilities with Informa Economics, Inc., include research and analyses for international and domestic consulting clients. He has experience in a number of domestic and international projects involving market assessment, financial, economic and competitive analyses studies. Most recently, Mr. Ganiere primarily has been involved in projects dealing with the renewable fuels, livestock and food industries. Mr. Ganiere received a master's degree in agribusiness and food science from the Institut National Supérieur de Formation Agroalimentaire, an agri-food engineering school located in France, and a master's degree in agricultural, environmental and development economics from The Ohio State University. Mr. Ganiere also is familiar with survey design and consumer behavior-related analyses. He is fluent in French.

ENROLLMENT FORM

Yes, I want to participate in the multi-client study “*Canadian Agriculture: Impacts of the Emerging Ethanol Sector*” I understand that the cost of the study is C\$10,500 prior to June 30, 2007 and C\$12,500 after June 30, 2007, plus 6% GST. One-half will be billed upon initiation of the study and the remainder upon receipt of the final report.

FAX to (204) 925-7074

Please have someone contact me to provide further information.

Name: _____

Signature: _____

Title: _____

Company: _____

Street Address: _____

City, Province/State, Code: _____

Telephone: _____ Fax: _____

E-mail Address: _____

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